

BEFORE THE ARIZONA CORPORATION



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MARC SPITZER
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner

Arizona Corporation Commission

DOCKETED

JAN 23 2003

FILED	
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IN THE MATTER OF THE APPLICATION OF
MCLEODUSA TELECOMMUNICATIONS
SERVICES, INC. TO INCREASE THE
MAXIMUM RATE FOR LOCAL AND LONG
DISTANCE DIRECT DIAL DIRECTORY
ASSISTANCE

DOCKET NO. T-03267A-02-0500

DECISION NO. 65539

ORDER

Open Meeting
January 14 and 15, 2003
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. McLeodUSA Telecommunications Services, Inc. ("McLeod") is certified to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On July 2, 2002, McLeod filed tariff revisions to its Arizona Tariff No. 2. On September 20, 2002, McLeod filed an amended tariff page 61, replacing the page 61 filed on July 2, 2002. The tariff revisions are listed below:

Arizona Tariff No. 2

Check Sheet, Page 1, Release 20

Section 4.4.3, Page 61, Release 2 (filed September 20, 2002)

3. This filing increases the maximum rate for local and long distance direct dial directory assistance.

- Direct Dial Directory Assistance Maximum Rate, increases to \$1.11 from \$1.00 (actual rate would be equal to the maximum rate of \$1.11)

4. McLeod stated that it is increasing the maximum rate to more closely mirror Qwest's directory assistance rate.

1 5. Since this filing increases the maximum rate for a component of a service that has been
2 classified as competitive under the Commission's Competitive Telecommunications Services Rules,
3 Arizona Administrative Code Rule R14-2-1110 applies to McLeod's proposal. Staff requested that
4 McLeod provide the information required by R14-2-1110 to allow it to determine the potential effects
5 of approval of the filing. McLeod provided information that indicates that the expected revenue effect
6 of approval of this filing is an increase of 1 percent in McLeod's Arizona revenues.

7 6. McLeod provided evidence to Staff that it has provided customer notification in
8 accordance with Commission rules. Staff has reviewed the customer notification provided and agrees
9 that it is consistent with Commission policy.

10 7. The rate contained in this filing is for services that have been classified as competitive
11 by the Commission and that are now subject to the Commission's Competitive Telecommunications
12 Services rules. Under those rules, rates for competitive services are not set according to rate of return
13 regulation standards. Staff has reviewed the rates of comparable services from other
14 telecommunications providers. Staff has concluded that the proposed maximum rates by McLeod are
15 similar to those of other carriers for comparable services. Staff has reviewed McLeod's rates for these
16 services in other western states. Staff has concluded that the Arizona proposed actual rates by McLeod
17 are similar to its rates in other western states.

18 8. Staff requested information from McLeod regarding its fair value rate base. McLeod
19 notified Staff that its assets are held by its subsidiary, McLeodUSA Network Services, Inc. ("McLeod
20 Network"). Staff obtained information from McLeod Network regarding its fair value rate base. The
21 fair value rate base of McLeod Network is \$23,684,476. However, the rate to be ultimately charged by
22 McLeod will be heavily influenced by the market. Because of the nature of the competitive market and
23 other factors, a fair value analysis is not necessarily representative of the company's operations.
24 Therefore, while Staff considered the fair value rate base information submitted by McLeod, it did not
25 accord that information substantial weight in its analysis of this matter.

26 9. Staff recommends approval of this filing.

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CONCLUSIONS OF LAW

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2 1. McLeod is an Arizona public service corporation within the meaning of Article XV,
3 Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over McLeod and over the subject matter of the
5 Application.

6 3. The Commission, having reviewed the tariff pages (copies of which are contained in the
7 Commission's tariff files) and Staff's Memorandum dated December 30, 2002, concludes the tariff is
8 reasonable, fair and equitable, and is therefore in the public interest.

ORDER

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10 IT IS THEREFORE ORDERED that the tariff pages listed in Findings of Fact No. 2 are
11 approved.

12 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

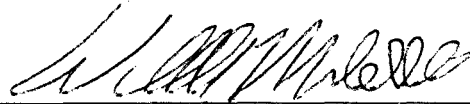
BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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15 CHAIRMAN

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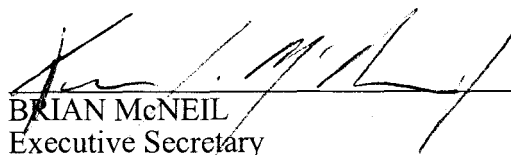
15 COMMISSIONER

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15 COMMISSIONER

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19 COMMISSIONER COMMISSIONER

20 IN WITNESS WHEREOF, I, BRIAN McNEIL, Executive
21 Secretary of the Arizona Corporation Commission, have
22 hereunto, set my hand and caused the official seal of this
23 Commission to be affixed at the Capitol, in the City of
24 Phoenix, this 23rd day of January, 2003.

24 
25 BRIAN McNEIL
26 Executive Secretary

27 DISSENT: 

28 EGJ:MGK:jm/JMA

Decision No. **65539**

SERVICE LIST FOR MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.
DOCKET NO. T-03267A-02-0500

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